

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-10 EA-10 ISO-00 EURE-00 CIAE-00
DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00
PM-05 H-01 INR-07 L-03 PA-01 PRS-01 SP-02 SS-15
IO-13 AID-05 /086 W

-----073482 261829Z /43

O R 261611Z AUG 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 2817

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY MADRID

AMCONSUL OPORTO

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMCONSUL PONTA DELGADA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: PINT, ECON, EFIN, PO

SUBJECT: NEW AUSTERITY MEASURES: REACTION OF POLITICAL PARTIES

REF: (A) LISBON 6628, (B) LISBON 6636 (NOTAL)

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SUMMARY: IN ANNOUNCING "PACKAGE TWO" AUSTERITY MEASURES
REPORTED REFTELS, PRIME MINISTER SOARES WARNED THE EXTREME
LEFT AND RIGHT NOT TO TAKE TO THE STREETS OR OTHERWISE TRY
AND BLOCK IMPLEMENTATION OF NEW AUSTERITY MEASURES. DEMO-
CRATIC OPPOSITION AND PCP REACTION HAS THUS FAR BEEN SLIGHT AND
LIMITED TO REAFFIRMATION OF STANDARD PARTY LINES. END SUMMARY.

1. SOARES PUTS "EXTREMISTS" ON NOTICE...: PRIME MINISTER SOARES' AUGUST 25 TELEVISED ADDRESS TO THE NATION DEALT PRIMARILY WITH THE "PACKAGE TWO" AUSTERITY MEASURES REPORTED BY SEPTELS. IN THAT CONTEXT, HOWEVER, SOARES WARNED THE "POLITICAL AND SOCIAL FORCES" OF THE EXTREME LEFT AND RIGHT THAT THE GOVERNMENT AND THE PRESIDENT WOULD NOT SUCCUMB TO MINORITY GROUP PRESSURES FROM EITHER EXTREME THROUGH VIOLENCE OR DEMONSTRATIONS IN THE STREETS AND/OR PUBLIC OPINION CAMPAIGNS.

2. ...AND URGES DIALOGUE IN THE ASSEMBLY: SOARES REMINDED HIS AUDIENCE THAT THE BASIC OPTIONS FOR THE MEDIUM-TERM ECONOMIC PLAN WILL BE DISCUSSED WHEN THE LEGISLATIVE ASSEMBLY RETURNS IN OCTOBER. REFERRING TO THE PS/PSD UNDERSTANDING REACHED AT THE CLOSE OF THE LAST ASSEMBLY SESSION, SOARES INDICATED THAT THE PS/PSD CONSULTATIVE PROCESS WOULD CONTINUE BUT EMPHASIZED AT THE DIALOGUE WAS NOT LIMITED TO THE PSD AND ENCOURAGED DISCUSSIONS WITH "OTHER PARTIES" AND "SOCIAL FORCES."

3. OPPOSITION REACTION MUTED: INITIAL PARTY REACTION TO THE SOARES ADDRESS WAS LIGHT AND PREDICTABLE. THE DEMOCRATIC OPPOSITION AND PCP STATEMENTS, WITH FEW EXCEPTIONS, WERE LIMITED TO GENERALIZATIONS AND REPETITIONS OF PARTY LINES.
--PSD EMPHASIZES PS RESPONSIBILITIES: IN A PARTIAL ATTEMPT TO DISSOCIATE HIMSELF AND HIS PARTY FROM UNPOPULAR AUSTERITY LIMITED OFFICIAL USE

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MEASURES, PSD LEADER SA CARNEIRO EMPHASIZED THAT THE FINANCIAL AND ECONOMIC MEASURES WERE THE "SOLE RESPONSIBILITY" OF THE GOVERNMENT, I.E. NOT THE RESULT OF ANY CONSULTATIVE PROCESS WITH THE SOCIAL DEMOCRATS: WHAT THE GOVERNMENT REALLY NEEDS, HE INSISTED, IS "TRIPARTITE SUPPORT" (PS/PSD/CDS) AND A BROAD POLICY OF "NATIONAL SALVATION." NO DOUBT WITH THE ROLE OF THE PSD AND THE CDS IN MIND, SA CARNEIRO SPECULATED THAT THE AUSTERITY MEASURES WOULD CAUSE PROBLEMS FOR THE AZOREAN AND MADEIRAN REGIONAL GOVERNMENTS WHO "HAVE A CONSTITUTIONAL RIGHT TO BE INVOLVED IN THE FORMATION OF POLICY AND NOT SIMPLY INFORMED OF DECISIONS AFTER THE FACT."

--THE CDS PALTERS: WITH CDS PRESIENT FREITAS DO AMARAL OUT OF TOWN, A CDS SPOKESMAN COULD DO LITTLE MORE THAN ASK RHETORICALLY IF THE SOARES MEASURES WOULD DO THE JOB. HE CLAIMED THAT THE CDS WOULD PROBABLY NOT COMMENT IN DETAIL UNTIL AFTER A PARTY POLITICAL COMMISSION MEETING IN THE NEXT FEW DAYS.

--THE PCP: PCP CENTRAL COMMITTEE MEMBER AURELIO SANTOS ANNOUNCED THAT THERE SEEMD LITTEL TO INDICATE THAT THE GOVERNMENT'S ECONOMIC POLICY HAD CHANGED. ACCORDING TO SANTOS, THE AUSTERITY MEASURES MERELY DEMONSTRATE THE FAILURE OF THE "PACKAGE ONE" STEPS ANNOUNCED LAST

FEBRUARY AND WILL ONLY MAKE THE CURRENT ECONOMIC AND

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FINANCIAL SITUATION WORSE. SANTOS REAFFIRMED THE
STANDARD PCP POSITION THAT THE GOVERNMENT'S POLITICES
WILL PAVE THE WAY FOR A RESURGENCE OF CAPITALISM ON THE
BASIS OF THE PS SELLOUT TO THE FORCES OF THE EXTREME
RIGHT.

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4. CONSERVATIVE SOCIALIST DEPUTY AND MEDIA SPECIALIST, SOARES LOURO, WAS CRITICAL OF THE PRIME MINISTER IN AUG. 26 DISCUSSION WITH DCM. LOURO FELT THAT THE PM HAD FAILED TO GRASP THE NETTLE AND MISSED AN OPPORTUNITY, BECAUSE PORTUGUESE PEOPLE WERE ACTUALLY PREPARED FOR A REAL AUSTERITY PROGRAM. HE WAS ESPECIALLY CRITICAL OF SOARES'S DECISION ON DEVALUATION. LOURO FORESAW INCREASING DIFFICULTY FOR THE SOCIALIST GOVERNMENT, COMING TO A HEAD IN OCTOBER/NOVEMBER WITH STRONG PRESSURES FOR A NEW GOVERNMENT.

5. COMMENT: THUS FAR SA CARNEIRO HAS BEEN THE ONLY MAJOR PARTY LEADER TO REACT, AND HIS REFERENCE TO THE EFFECT OF THE MEASURES ON THE AZORES AND MADEIRA COULD COMPLICATE EFFORTS TO BRING THE CENTRAL AND REGIONAL GOVERNMENTS TOGETHER. THE STRENGTH WITH WHICH SOARES WARNED EXTREMISTS AND HIS HOPES FOR DIALOGUE WITH "OTHER PARTIES AND SOCIAL FORCES" IN ADDITION TO THE PSD ON THE MEDIUM-TERM ECONOMIC PLAN SUPPORT THE PREMISE THAT MORE STRINGENT AUSTERITY MEASURES WERE NOT ADOPTED FOR FEAR OF MAJOR POLITICAL AND SOCIAL REACTION.

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Message Attributes

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Copy: SINGLE
Sent Date: 26-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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